



# ESS Fiscal Monitoring Audit

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## ***What to Expect From an Audit***

### **Overview**

As the administrator of the Exceptional Student Services (ESS) Sub-grant, the Arizona Department of Education (ADE) is required to complete a fiscal audit to review Special Education Program. The Individuals with Disabilities Education Act (IDEA) and the American Recovery and Reinvestment Act (ARRA) requires, and state law authorizes, monitoring and evaluation activities to determine the effectiveness of programs in meeting the educational needs of children with disabilities. The auditing system involves the collection of data and documentation to determine the level at which a public local education agency (LEA) is complying with applicable requirements.

## ***Frequently asked Questions***

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### **Q1: How is an audit initiated?**

**A1:** It is a random selection. We choose from a list of Districts and Charters that have had IDEA expenditures. We choose locations all over the state of Arizona, ranging from schools north of I-40 to the border of Utah all the way to Tucson, Yuma and everything in between. We strive to have a balance of Districts, Charters, metro and rural Arizona.

### **Q2: How will I be notified that I have been selected for an audit?**

**A2:** If you have been chosen for ESS Fiscal Monitoring audit, an ADE auditor will send you a notice advising that you have been selected. The notification letter will provide details of the proposed date for the visit, the time the visit is estimated to take and the name of the reviewer(s) who will conduct the visit.

### **Q3: What should I expect during the audit?**

**A3:** The ESS Fiscal Monitoring audit consists of three stages as outlined below:

#### **The Entrance Conference**

On the audit begin date ADE staff will conduct an entrance conference with the LEA. This should consist of the Superintendent, Special Education Director, Finance Director and/or designated officials. Arrangements should be made with these individuals or qualified replacement for availability of their time.

#### **The Fieldwork**

During the fieldwork; the audit team will review all grant expenditures selected to ensure Special Education funds are being spent as intended within the specified OMB circular. Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and payables in unification with the selection we made to review.

- ADE staff will need the LEA to provide an appropriate working space designation and access to wireless internet if possible for the designated time of the Audit.
- It may be necessary to ask you for clarification of some of the information you provide, and we will need staff available to help.
- All requested documentation must be available for review during the audit. Each transaction should have a well-documented audit trail that includes authorization for expenditure, backup documentation and allocation of expenditure. For more detail information on required items refer to the Audit Supporting Documentation Memo.
- Remember ADE will need copies of the supporting documentation, *as ADE will not be returning the documentation to your office.*

#### **The Exit Conference**

Upon completion of fieldwork the audit staff shall conduct a exit conference with the Superintendent, Special Education Director, Finance Director and/or designated officials to inform the LEA of the audit results pending external assurance internal peer review.

#### **Q4: What if I don't provide the information requested?**

**A4:** Incomplete documentation or lack of documentation can result in a finding and deemed non-compliant, which could result in disallowed expenditures.

#### **Q5: What happens after the visit?**

**A5:** Following our on-site review, ADE will complete a Compliance Auditing Report that details our findings. A Corrective Action Plan (CAP) may need to be developed so that the ADE can help facilitate the LEA's compliance with their ESS Program responsibilities. The findings and the CAP will become part of the LEA's permanent file maintained by the ADE and subject to federal review. Failure to complete any component of the CAP as written may result in additional consequences including discontinuance of funding.

#### **Questions:**

Shannon Duus, MBA

Senior Auditor

(602) 364-4046

[shannon.duus@azed.gov](mailto:shannon.duus@azed.gov)

Annabelle Molina

Auditor

(602) 542-3142

[annabelle.molina@azed.gov](mailto:annabelle.molina@azed.gov)

Arizona Department of Education

1535 West Jefferson Bin 3

Phoenix, Arizona 85007